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SIPDIS
SENSITIVE

STATE FOR EEB/TPP/BTA AND NEA/MAG
STATE PLEASE PASS TO USTR FOR C WILSON AND P BURKHEAD

E.O. 12958: N/A
TAGS: [ETRD](#) [EAGR](#) [ECON](#) [MO](#)
SUBJECT: TRADE MINISTER AGREES TO POSTPONE FTA JOINT
COMMITTEE MEETING, SPELLS OUT REMAINING ISSUES

REF: RABAT 0271

¶1. (SBU) Summary: Minister of Foreign Trade Abdellatif Maazouz replied to the July 7 letter of Assistant U.S. Trade Representative (A/USTR) Christopher Wilson, agreeing to a delay in the Joint Committee Meeting (JCM) and outlining areas for continued work. The Ministry of Foreign Trade also sent a list of requested areas of technical assistance to the Embassy. The text of Minister Maazouz's letter is included in this message. End Summary.

¶2. (SBU) On July 20, Minister of Foreign Trade (MFT) Maazouz sent a reply to the July 7 letter from A/USTR Wilson, indicating Morocco's willingness to delay the U.S.-Morocco Free Trade Agreement (FTA) JCM and suggesting that it could be rescheduled in October 2009. Maazouz also outlined six groups of outstanding issues on which the Government of Morocco (GOM) would like to continue to engage with the USG.

¶3. (SBU) The six areas that Maazouz identified include:

-- Customs Issues: Maazouz stated that Morocco's position on "direct transport" (transshipment) is clear, but indicated he is willing to continue discussions.

-- Agricultural Issues: The Minister asserted that Morocco's administration of wheat tariff rate quotas is not responsible for the difficulties that U.S. suppliers have had in filling the quotas, stating that European suppliers use the same system without difficulty. He emphasized Morocco's desire for movement on approval for produce exports to the U.S., creation of a sanitary and phytosanitary working group, and accelerated tariff elimination on certain products.

-- Textiles Market Access: Maazouz stated that Moroccan textile exporters face difficulties obtaining the preferential tariffs to which they are entitled under the FTA.

-- Exchange of Letters: Morocco hopes to sign the letters on Non-conforming Measures and the omitted tariff positions on fisheries during the rescheduled JCM.

-- Technical Assistance: Maazouz praised the Commercial Law Development Program (CLDP) assistance and urged its continuation. (Note: The Embassy also received this week a Note Verbale from the MFT outlining areas of requested technical assistance. We will report these details septel following translation. End Note.)

-- Statistics Harmonization: The GOM indicated its willingness to repeat last year's exchange of data and interaction between U.S. Census Bureau and Morocco's Office of Exchanges in order to reconcile differing trade

statistics. (Note: The Census Bureau and the Office of Exchanges have scheduled a teleconference on July 28 to continue this exercise. End Note.)

14. (SBU) The text of Minister Maazouz's letter follows:

Begin text.

July 20, 2009

Mr. Christopher Wilson
Assistant United States Trade Representative for Africa and
the Middle East
Washington, D.C.

Dear Mr. Assistant Representative:

Let me first express to you how pleased I was to meet you last March during your visit to Morocco, and express our satisfaction regarding our discussions which were marked by sincerity and understanding.

With reference to your letter of July 7, I hereby express our agreement on the postponement of the Joint Committee which was scheduled on July 23 and 24, 2009.

In this regard, I would like to share with you some thoughts on issues of common interest.

1. Customs Issues:

Morocco believes it has provided the necessary clarifications on the concept of Direct Shipment covered by Article 5 of the

Agreement, at the various meetings and video conferences devoted to this issue. However, we reaffirm our willingness to work with you in a spirit of openness and cooperation in order to find a mutually beneficial outcome of this issue.

2. Agricultural Issues:

In agriculture, despite the efforts deployed by both sides, several issues remain unresolved and require further discussion between the two Parties. These mainly concern:

-- The allocation of the quota for wheat: Morocco asserts that the current system of tenders for the management of the quotas for wheat is not responsible for the partial use of the quota of U.S. wheat and does not circumvent the objectives of the Agreement, recognizing that the same system is applied with our European partners and does not pose any problem.

-- Sanitary and Phyto-sanitary Issues: Morocco is still awaiting the result of requests regarding the expansion of the region for exporting Moroccan tomatoes to the U.S., and the request for export of red fruits and vegetables (pepper, peas, beans, zucchini, eggplant and cucumber) as well as some heat-treated poultry products.

-- Setting up the working group on SPS cooperation: In accordance with the Morocco-U.S. Joint Declaration in this regard, Morocco believes that it is necessary to set up this working group as soon as possible.

-- Access to the market for agricultural products: Morocco reiterates its call for the acceleration of tariff elimination regarding canned olives and artichoke hearts, to enable us to benefit from the agreement, in a balanced framework without compensation or conditionality.

3. Access to the U.S. Market for Non-agricultural Products:
Textiles

Morocco is concerned about the difficulties that some operators are still facing to obtain the preferential tariff following the presentation of the certificate of eligibility.

It should be remembered that the certificate of eligibility used for flexibility on rules of origin (quota of 30 million square meters), was developed in coordination with the U.S. Customs which approved its form and content.

14. Exchange of Letters:

The exchange of letters relating to Non-conforming Measures on services and the omitted Tariff Positions on fisheries were finalized and sent to the American Party in English, Arabic and French.

We hope that these documents will be signed at the Second Joint Committee scheduled for next October.

15. Technical Assistance

I appreciate your office's readiness to pursue programs in support of Morocco, recognizing that coordination work has been initiated by my Ministry in collaboration with the United States Embassy in Rabat and the Commercial Law Development Program (CLDP).

In this regard, we would like to see the technical assistance program, developed between the two parties under the CLDP, take shape as soon as possible.

16. Other Issues: Study on Harmonizing Statistics:

We applaud the efforts of the working group on the divergence of American and Moroccan trade statistics, undertaken by the Office of Exchanges and the U.S. Census Bureau.

In this regard, the Moroccan Office of Exchanges is willing to repeat the mirror exercise of foreign trade data and had indicated its willingness to meet with its counterparts from the U.S. Census last May or June, but this meeting did not take place.

I do not wish to conclude without reiterating our readiness to continue cooperation on issues of common interest in order to achieve the economic objectives of the Agreement between

our two countries.

/S/
Abdellatif Maazouz
Minister of Foreign Trade

End text.

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